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# **National Intelligence Bulletin**

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September 3, 1975

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### PORTUGAL

Portuguese officers opposed to pro-Communist former prime minister Vasco Goncalves are stepping up efforts to remove him as armed forces chief of staff without resorting to violence. Their efforts, plus parallel moves by the political parties, have led to a postponement of the swearing in of a new government under Prime Minister Azevedo.

Army Chief of Staff Fabiao and his air force counterpart, General Morais da Silva, have publicly denounced Goncalves. Each has called on the separate assembly of his service to purge Goncalves' supporters before a scheduled meeting on Friday of the Armed Forces General Assembly.

The general assembly, which is made up of 240 officers and enlisted men and has generally followed a pro-Goncalves line, has been called into session by President Costa Gomes to revamp the once-powerful Revolutionary Council. The army holds 120 seats in the assembly and the air force 60. The remaining seats are controlled by the navy, which earlier endorsed Goncalves' bid to remain prime minister.

It has been widely assumed that the general assembly will be used to purge the leaders of the anti-Goncalves faction. If the army and air force succeed in packing their delegations, however, they could turn the assembly into an effective weapon against Goncalves.

Goncalves and his Communist supporters are clearly worried about the two-pronged strategy of the anti-Communist Antunes group. This strategy is designed to show that Goncalves cannot control the armed forces and to use the assembly against him.

Air force chief Morais da Silva was summoned to the presidential palace to explain his refusal to support Goncalves in his new post. His refusal was also criticized by the government-controlled and Communist-influenced national radio in what may be the opening volley of a Communist propaganda offensive.

Morais da Silva was joined in his censure of Goncalves yesterday by Fabiao, who called Goncalves a divisive influence on the army. Fabiao, who has remained silent on the question of Goncalves since he backed down last week from his effort to replace the latter as prime minister, appears to have re-entered the fray—somewhat more determined this time.

The democratic parties have forced the formation of the new cabinet to take a back seat to the Goncalves issue. In spite of a hint by newly appointed Prime

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Minister Azevedo on television Monday that he is planning a government that would resurrect the former multi-party coalition, the Socialists and Popular Democrats are still refusing to cooperate as long as Goncalves remains.

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### ECUADOR

President Rodriguez has managed to restore calm to Quito following Monday's coup attempt, but dealing with the causes of discontent may be more difficult.

Economic problems stirred widespread criticism of Rodriguez' policies and were a major cause of the move against him. These problems remain, and how he chooses to cope with them will determine whether unrest will continue. Chances for at least a minimal improvement in the situation are about even.

The attempted coup could set back, at least temporarily, recent moves by the Rodriguez government to shift its policy orientation away from the left and toward the center. At the same time, conservative opponents of the government are likely to feel the brunt of whatever retribution is meted out by Rodriguez as a warning to future plotters.

There is a possibility that the President intends to use his easy victory over the rebels to strengthen his control over the country. He accused "irresponsible politicians" of instigating the rebellion, possibly signaling a crackdown on conservative political and business groups who may have been associated with dissident military officers. In addition, Rodriguez will probably use the opportunity to stifle further criticism of his government in the media.

Leading civilian critics of the regime, anticipating government repression, already have gone into hiding. Press reports indicate that government forces have raided the homes of some political and business leaders, and a dusk-to-dawn curfew is in effect in Quito and Guayaquil. So far, 80 soldiers and officers have been placed under arrest.



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### PERU

Cabinet changes announced Monday by President Morales Bermudez reflect an effort to consolidate his position. They also indicate a commitment to continue many of former president Velasco's domestic policies, a desire to maintain a more stable and business-like posture, and a sensitivity to continued lack of civilian support after seven years of military rule.

For the first time since the military took power in October 1968, a civilian has been named to a cabinet post. The appointment of economist Luis Barua as minister of economy and finance is certain to raise hopes that there will be further liberalization measures. Additional cabinet changes are likely.

Some of former president Velasco's ministers remain in high government and military positions, indicating that more radical officers will continue to have a voice in setting government policies. We expect, however, that their influence will be somewhat diminished. For example, one of Velasco's most vocal and anti-US associates, General Fernandez Maldonado, has been removed from the cabinet and named to the less influential position of army chief of staff. This shift reflects Morales Bermudez' concern for respecting military seniority while trying to move away from the extremism that characterized many of Velasco's policies. The President has replaced Fernandez Maldonado at the energy and mines ministry with army General la Vera Velarde, the first army commander to declare himself against Velasco last Friday.



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The fate of General Graham Hurtado, until recently a strong ally of Velasco and a long-time radical, remains uncertain. It is highly unlikely, however, that he will retain his position as head of the prestigious presidential advisory committee. Another general who had been a strong Velasco supporter, General Rodriguez Figueroa, has suffered an apparent demotion. Formerly the Lima military region commander, he has been moved to head the government information office.



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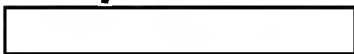
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